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Mr. Thomas Ferguson
Massachusetts Department of Energy Resources
100 Cambridge Street, 9th Floor
Boston, MA 02114

To the RFP Drafting Parties:

JERA Americas Inc. ("JERA") respectfully submits the attached responses to the stakeholder questions solicited by the Massachusetts Department of Energy Resources ("DOER"), the Massachusetts Electric Distribution Companies ("EDCs"), and the Attorney General's Office ("AGO") (collectively "RFP Drafting Parties"). JERA appreciates the opportunity to provide input into the 83E Round 2 solicitation process.

Sincerely,

Randolph Bell
Vice President, Government & Regulatory Affairs
JERA Americas

Attachment: JERA Responses to 83E Stakeholder Questions

Question 5: Given the ISO-NE's transition from a forward capacity market to a prompt seasonal market, has this impacted your assumptions regarding the revenue certainty of this value stream when evaluating your project's economics? If so, how?

Response: Projects that intend to interconnect using Surplus Interconnection Service (SIS) are shielded from regulatory risks relating to ISO-NE's recent capacity market changes in a way that other resources are not. As an energy-only resource behind an existing capacity resource, our project bears less development risk arising from uncertainty in the capacity market — including both current proposed reforms and future changes over the life of the project — because we do not rely on those revenues. In fact, the reduced interconnection costs and accelerated timeline resulting from our project's use of SIS places it in a strong revenue position irrespective of stand-alone capacity market participation.

Question 8: Please suggest and describe any energy services pricing mechanisms that would mitigate the uncertainty associated with the anticipated forward capacity market changes.

Response: We appreciate DOER's close attention to pricing mechanisms that could mitigate emerging market uncertainties. As discussed in response to question Question 5, our SIS-backed project bears less risk associated with forward capacity market changes. However, we see a risk of reduced ancillary services revenues as large amounts of BESS come online. To ensure continued economic viability of BESS projects as Massachusetts works to realize its goal of deploying 5,000 MW of energy storage projects, alongside other New England states' similar efforts, DOER should consider developing a contract-for-differences (CfD) pricing mechanism. These contracts are common regulatory tools for addressing revenue volatility and investment risk for energy infrastructure. A CfD structure — which would operate alongside the wholesale markets and can be developed squarely within the bounds of state authority — would address declining ancillary service revenues for BESS and play a critical role in mitigating uncertainty for developers.

Question 9: How would a project guarantee continued reliability benefits over the life of a contract if the developer chooses not to or cannot obtain a capacity supply obligation?

Response: Previous Massachusetts clean energy procurements, including 83E Round 1, have required projects to interconnect at a Capacity Capability Interconnection Standard ("CCIS") equivalent and complete the ISO-NE Forward Capacity Auction Qualification ("FCAQ") process. Meeting the CCIS requirement to satisfy the FCAQ process requires a Capacity Network Resource Capability Service ("CNR") interconnection. Developers seeking to meet this requirement must initiate a lengthy and complex process that increases project risk and cost without, as explained, providing more reliability guarantees than certain other arrangements.

We understand that DOER will no longer require this overly stringent interconnection process for 83E Round 2. We applaud this decision, which will promote increased competition in response to the procurement and sharpen bids to the benefit of consumers.

At the same time, we recognize that ensuring reliability and meeting peak demand are key drivers of the

83E program. Other mechanisms exist to guarantee the delivery of reliability benefits without having to obtain a stand-alone CCIS. For example, storage resources that utilize Network Resource Interconnection Service (NRIS) via Surplus Interconnection Service (SIS) have the ability to provide incremental and verifiable reliability benefits at a much lower cost. In this configuration, the storage resource is not attempting to independently qualify as a standalone CCIS; instead, it leverages the host unit's existing capacity obligations, proven deliverability, and existing infrastructure.

Here is how it would work in practice: The SIS made available by a low-capacity factor thermal resource such as Canal Generation Station is technically provided as NRIS under ISO-NE rules, however it is materially different from a typical standalone NRIS interconnection both in terms of its reliability and predictability. Although the actual SIS agreement would technically provide for Network Resource Capability (and therefore NRIS) under ISO-NE rules, in practice a storage facility utilizing SIS at Canal would employ the site's existing CCIS-qualified interconnection facilities pursuant to an existing Capacity Network Resource Interconnection Service agreement. As a result, the storage resource's deliverability is grounded in interconnection infrastructure that has already been demonstrated and accepted for capacity purposes.

In this configuration, the Canal units would continue to carry and satisfy their ISO-NE capacity obligations, serving as an operational backstop in the event the storage system is unavailable (e.g., outage, state-of-charge limitation, etc.). When the storage system is available, it can meet system needs and reduce reliance on thermal dispatch, thereby strengthening reliability while also lowering run hours and emissions relative to a thermal-only operating profile. In conclusion, **few reliability assurances are stronger than reliance on existing, CCIS-qualified interconnection facilities already in service.**

Question 10: Please add any additional comments not captured by your responses to the prior questions that you believe the RFP Drafting Parties should consider.

Response:

- Because 83E Round 1 only procured 1,268 MW of energy storage capacity out of a proposed ~1,500 MW available, we encourage DOER to include the remaining 232 MW as available to procure in 83E Round 2, bringing the Round 2 total to ~1,232 MW. This will potentially enable a larger group of projects to qualify for the procurement and help accelerate the realization of the Commonwealth's goal of procuring ~5,000 MW of battery storage systems by 2030.
- We understand that 83E Round 2 will recognize Surplus Interconnection Service (SIS) as an eligible interconnection pathway for projects. It is critical that the RFP Drafting Parties develop criteria for SIS-connected projects that enable meaningful viability review without imposing screening requirements that may unintentionally disqualify viable SIS options. We respectfully recommend adopting a maturity standard for SIS proposals that requires (i) evidence of an active SIS interconnection request with ISO-NE and (ii) credible independent technical documentation/studies that demonstrate that the proposed configuration is not expected to trigger transmission network upgrades (which would render the project ineligible for SIS). Because SIS is relatively new in ISO-NE and there is limited data on SIS study timelines, we strongly recommend that the completion of an SIS study by ISO-NE not be

required for bidders. This standard would enhance the competitiveness of the procurement for the benefit of consumers, while remaining aligned with project maturity requirements for CCIS projects in 83E Round 1.